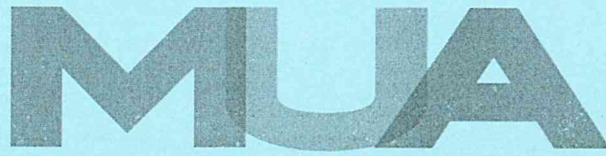


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES**

**BDS 313 : SOCIAL ENTREPRENEURSHIP**

**DATE: 1<sup>st</sup> AUGUST 2017**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**



## QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

### PEACE BEAUTY CULTURE ASSOCIATION

"Know where your passion, skills and economic drivers intersect and there you will find the best social enterprise concept."

Peace, Beauty, Culture's express purpose is to invest in the social and cultural education of young people as a means to contribute to the development of Ukrainian society. Since its inception it has grown to offer a range of services. A "fashion school" where history, ecology, music, art and folk aesthetics, ethic and the psychology of success are taught was integrated into the S Theater, where each show focuses on a social problem, using clothing and drama as a medium to raise social consciousness and to encourage participation in the community. Students also learn about fashion design, tailoring and clothing production. The fashion school is the only one of its kind in Ukraine. PBC also offers computer courses and vocational skills training for children and youth (especially girls and orphans). The humanitarian assistance component of the NGO includes distribution of clothes produced in the fashion school to orphans and low-income families, and an information and referral service for parents and at-risk adolescents.

Early in Peace Beauty Culture's existence, Sazonova learned that there were substantial expenses associated with running NGO activities. Although PBC had some success raising grant money, managers understood that dependence upon donors' support and charitable contributions put PBC's operations at risk and slowed organizational development. Therefore, to cover staffing and other costs related to expansion, Sazonova incorporated fees-for-service into PBC's programs. Tuition for the fashion school and computer courses were offered on a sliding scale based on families' ability to pay, but because preference for attendance was given to low-income and indigent students and school fees were priced well below private tuition, Sazonova knew they would need to find an alternative solution.



The creation of the social enterprise was fortuitous. It came at the time when Sazonova was contemplating financing options for the NGO and sought to integrate her business into the organization's programs. During this period, Sazonova read a popular business book, *Good to Great*, by John Collins, about how good companies achieved greatness. The book's main points are that: celebrity executives almost never lead companies to greatness; you can't achieve great things without great people; simplicity rules; entrepreneurial discipline is essential; and technology is an accelerator not a solution itself. Specifically, it was Collins's "Hedgehog Concept" that resonated with Sazonova. In brief, the Hedgehog Concept surmises that companies excel when they operate at the intersection of their passion, skill and economic drivers. Using the Hedgehog Concept as the basis for her thinking about a business venture, Sazonova answered the questions: What are you most passionate about; what can you be the best in the world at; and what drives your organization's economic engine? The result, "Creative Workshop," was the convergence of her passion for helping women, children and the community; her knowledge of and skill at teaching art, fashion and culture; and the market demand for her designs.

Creative Workshop, founded in early 2001, produces and sells exclusive clothes for children and youth using natural fabrics decorated with Ukrainian folkloric, historic and cultural details in contemporary designs. Most of the Creative Workshop's products are launched in S Theater shows. Revenue and profits are used to promote national pride, culture, and the arts through the theatre and schools while training youth in sustainable job skills. Its women's clothing line has been shown at trade shows in Washington D.C. The selection of Peace Beauty Culture to participate in the Counterpart Alliance for Partnership (CAP) Social Enterprise Program was fortuitous given that it came early in Sazonova's thinking about income-generation and a year before the launch of Creative Workshop (2000). When Sazonova and PBC program managers attended the first Social Enterprise training organized by CAP, they came with a few ideas and a desire to earn income for their NGO.

The CAP Program helped Sazonova and the PBC team work through the Hedgehog Concept, craft their ideas into a viable business concept and learn how to leverage



their existing assets to create a profitable social enterprise. Ultimately, CAP's training, technical assistance, and peer networking were instrumental in helping Sazonova and her team conceive Creative Workshop and start the social enterprise. "If it weren't for CAP, we wouldn't have a successful business," Sazonova says. "Before the CAP Social Enterprise Program we couldn't imagine running a business. We were terrified. In each stage of developing our business we followed CAP's advice and applied what we learned in the training until we lost our fears.

### Required

- a) Define social entrepreneurship and explain how Peace Beauty Culture Association fits your definition (5 marks)
- b) Highlight five activities that Peace Beauty Culture Association under Sazonova has achieved as a social enterprise (5 marks)
- c) Discuss the factors that led to the successful development of Creative Workshop (12 marks)
- d) Highlight three characteristics of social entrepreneurs you see in the founder of Peace Beauty Culture Association (3 marks)

### QUESTION TWO

- a) Differentiate between social entrepreneur and business entrepreneur (6 marks)
- b) Social entrepreneurship can be looked at as the investment of resources in activities that are in nature meant to improve the well-being of the society and not necessarily for direct profit or gain. Discuss the impact of social entrepreneurs to a country like Kenya (9 marks)

### QUESTION THREE

- a) Evaluate three sources of social entrepreneurship opportunities (6 marks)
- b) Discuss three challenges faced by social enterprises in Kenya (9 marks)



**QUESTION FOUR**

- a) Discuss factors that you need to consider when developing a social enterprise venture (10 marks)
- b) A successful social business enterprise is an organization that has advanced social change through innovative enterprise solutions that apply management tools and models to social and environmental issues. Outline the key steps of successful social enterprise (5 marks)

**QUESTION FIVE**

- a) Micro finance is considered one of the most effective and flexible strategies in the fight against global identity. Evaluate four ways in which microfinance has impacted growth of social enterprises (8 marks)
- b) The business environment can be defined as the surrounding of a business and for an enterprise to succeed it need to prepare his or her potential venture in the light of all the forces surrounding it. Evaluate the Micro Environmental forces that affect social enterprise (7 marks)

**QUESTION SIX**

- a) Explain briefly ways in which ICT affects social entrepreneurship (6 marks)
- b) Highlight the tools of marketing mix a social entrepreneur can utilize (4 marks)
- c) Explain how socio- culture can influence the ethical nature of a social enterprise in a developing country (5 marks)

